

COPY

Attorney or Party Name, Address, Telephone & FAX Numbers and California State Bar Number CHARLES D. AXELROD (State Bar No. 39507), EVE H. KARASIK (State Bar No. 155356), and SCOTT H. YUN (State Bar No. 185190), Members of STUTMAN, TREISTER & GLATT PROFESSIONAL CORPORATION 3699 Wilshire Boulevard, Suite 900 Los Angeles, California 90010 Telephone: (213) 251-5100 Facsimile: (213) 251-5288	FOR COURT USE ONLY 01 MAY 29 PM 3:35 CLERK, U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY: _____ DEPUTY
UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: GOLDEN BEAR OIL SPECIALTIES, INC., a Delaware corporation, f/k/a Golden Bear Acquisition Corp., Debtor(s).	CASE NO.: LA 01-22467-BB

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: June 18, 2001	Time: 2:00 p.m.
Location: Courtroom 1475, 255 E. Temple Street, Los Angeles, CA 90012	

Type of Sale: ☒ Public ☐ Private: Last date to file objections: 5:00 p.m. (Pacific Standard Time) on June 11, 2001.

Description of Property to be Sold: See "Notice of Hearing on Debtor's Motion for Order Authorizing the: (1) Sale of Substantially All of the Debtor's Assets Free and Clear of All Liens, Claims, and Encumbrances; and (2) Assumption and Assignment, or Rejection of Certain Executory Contracts and Unexpired Leases" (the "Notice of Sale") attached hereto as Exhibit "1".

Terms and Conditions of Sale: See Notice of Sale attached hereto as Exhibit "1".

Proposed Sale Price: \$26,000,000 plus assumption of certain contractual liabilities.

Overbid Procedure (if Any): See Notice of Sale attached hereto as Exhibit "1".

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: June 18, 2001, at 2:00 p.m. in Courtroom 1475 located at 255 E. Temple Street, Los Angeles, California 90012.

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e-mail address):

Eve H. Karasik, Esq.
Stutman, Treister & Glatt Professional Corporation
3699 Wilshire Boulevard, Los Angeles, CA 90012
Phone: (213) 251-5105; Fax (213) 251-5288

Date: May 25, 2001

CHARLES D. AXELROD (State Bar No. 39507),
EVE H. KARASIK (State Bar No. 155356), and
SCOTT H. YUN (State Bar No. 185190), Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
3699 Wilshire Boulevard, Suite 900
Los Angeles, California 90010
Telephone: (213) 251-5100
Facsimile: (213) 251-5288

Reorganization Counsel for the
Debtor and Debtor in Possession

Debtor's Mailing Address:
10100 Santa Monica Blvd., Suite 1470
Los Angeles, California 90067

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	) Chapter 11
)
GOLDEN BEAR OIL SPECIALTIES,	) Case No. LA 01-22467-BB
INC., a Delaware corporation,)
f/k/a Golden Bear Acquisition	) NOTICE OF HEARING ON DEBTOR'S
Corp.,	) MOTION FOR ORDER AUTHORIZING
	) THE: (1) SALE OF SUBSTANTIALLY
Debtor.	) ALL OF THE DEBTOR'S ASSETS FREE
	) AND CLEAR OF ALL LIENS, CLAIMS,
	) AND ENCUMBRANCES TO PARAMOUNT
	) PETROLEUM CORPORATION, SUBJECT
	) TO OVERBIDS; AND (2) ASSUMPTION
	) AND ASSIGNMENT, OR REJECTION OF
	) CERTAIN EXECUTORY CONTRACTS AND
	) UNEXPIRED LEASES

Hearing

DATE: June 18, 2001
TIME: 2:00 p.m.
PLACE: Courtroom 1475
255 E. Temple Street
Los Angeles, CA 90012

///

///

303916v1

TO ALL CREDITORS, SHAREHOLDERS, AND PARTIES IN INTEREST:

PLEASE TAKE NOTICE that a hearing has been scheduled on
June 18, 2001 at 2:00 p.m. before the Honorable Sheri Bluebond,
United States Bankruptcy Judge, in Courtroom 1475 located at 255 E.
Temple Street, Los Angeles, California, on the "Motion for Order
Authorizing The: (1) Sale Of Substantially All Of The Debtor's
Assets Free And Clear Of All Liens, Claims, And Encumbrances To
Paramount Petroleum Corporation, Subject To Overbids; And (2)
Assumption And Assignment Of Certain Executory Contracts And
Unexpired Leases" (the "Sale Motion") filed by Golden Bear
Specialties, Inc., the debtor and debtor in possession in the
above-captioned case (the "Debtor").

By the Sale Motion, the Debtor requests that the Court
enter an order granting the following relief: (1) authorizing the
Debtor to sell substantially all of its assets (the "Assets"), free
and clear of all liens, claims, and encumbrances to Paramount
Petroleum Corporation ("PPC"), or to the successful qualified
overbidder (the "Successful Overbidder") at the hearing on this
Sale Motion (the "Sale Hearing"), pursuant to the terms and
conditions of the Asset Acquisition Agreement executed on May 24,
2001 (the "Acquisition Agreement") entered into by and between PPC
and the Debtor and the sale procedures (the "Sale Procedures")
previously approved by the Court pursuant to its "Order Approving
Overbid Procedures Regarding Forthcoming Sale of Substantially All
Of The Debtor's Assets" (the "Overbid Procedures Order"); (2) in
connection with the sale and transfer of the Assets, authorizing
the Debtor to assume and assign to PPC or to the Successful
Overbidder certain executory contracts and unexpired leases (the

303916v1

1 "Assigned Agreements"), with the cure and compensation payments, if
2 any, related thereto to be paid; (3) to reject certain executory
3 contracts and unexpired leases listed on Exhibit 1.1.3 to the
4 Acquisition Agreement and not assumed and assigned to PPC or the
5 Successful Overbidder; (4) to the extent applicable, authorizing
6 the Debtor to execute all applicable documents and to take all
7 actions necessary to complete the proposed transactions; (5)
8 finding that PPC or the Successful Overbidder is a third-party
9 arm's-length, good faith purchaser of the Assets, is qualified to
10 acquire the Assets, and therefore will acquire the Assets in good
11 faith within the meaning Bankruptcy Code section 363(m); (6)
12 finding that the sale of the Assets will be free and clear of any
13 and all liens, claims, encumbrances, interests, reclamation rights,
14 set-offs, rights of recoupment, actions, causes of action, demands,
15 debts, obligations, and other rights against the Assets pursuant to
16 Bankruptcy Code section 363(f); (7) ordering that any and all
17 liens, claims, encumbrances, interests, set-offs, rights of
18 recoupment, actions, causes of action, demands, debts, obligations,
19 reclamation rights and other rights against the Assets, shall
20 attach to the proceeds of the sale of the Assets with the same
21 validity, enforceability, and priority as existed with respect to
22 the Assets as of the date of the commencement of this chapter 11
23 case; (8) exempting the transactions contemplated by the
24 Acquisition Agreement from the provisions of California Code of
25 Civil Procedure 3440; and (9) waiving the ten (10) day stay
26 provisions of Federal Rules of Bankruptcy Procedure 6004(g) and
27 6006(d).
28 ///

1 PLEASE TAKE FURTHER NOTICE that the Debtor has filed with
2 the Bankruptcy Court the Sale Motion, the Memorandum of Points and
3 Authorities, the Declaration of Thomas G. Pensak (the "Pensak
4 Declaration"), and Exhibits (which include, among other
5 information, the Acquisition Agreement and the schedules and
6 exhibits to the Acquisition Agreement). Copies of these pleadings
7 and documents may be: 1) reviewed and copied at the Clerk of the
8 United States Bankruptcy Court, 300 North Los Angeles, Street, Los
9 Angeles, California, or 2) may be obtained by submitting a written
10 request to: Eve H. Karasik, Esq., Stutman, Treister & Glatt
11 Professional Corporation, 3699 Wilshire Boulevard, Suite 900, Los
12 Angeles, California 90010, telecopy (213) 251-5288.

13 The Acquisition Agreement provides that in consideration
14 for the Assets, PPC will: (a) transfer to the Debtor \$26 million
15 in cash (subject to price adjustment); and (b) assume post-closing
16 liabilities and obligations of the Debtor associated with the
17 Assigned Agreements, and contribute \$95,000 to the satisfaction of
18 cure amounts required by Bankruptcy Code section 365(b)(1)(A)
19 associated with the Assigned Agreements.

20 PLEASE TAKE FURTHER NOTICE that the Sale Motion and the
21 Acquisition Agreement provide for the assumption and assignment to
22 PPC or the Successful Overbidder the Assigned Agreements. Attached
23 to the Pensak Declaration as Exhibit "3" is a schedule that lists
24 the Assigned Agreements and the cure amounts, if any, due for each
25 of the Assigned Agreements (the "Cure Amounts") that would require
26 a "cure" pursuant to Bankruptcy Code section 365(b)(1)(A). After
27 closing, the undisputed Cure Amounts will be promptly paid.
28 ///

1 PLEASE TAKE FURTHER NOTICE that ANY NON-DEBTOR PARTY TO
2 THE ASSIGNED AGREEMENTS WHO: (A) DISPUTES THE PROPOSED CURE
3 AMOUNTS; (B) CONTENDS THAT AN ADDITIONAL DEFAULT EXISTS UNDER THE
4 ASSIGNED AGREEMENTS THAT MUST BE "CURED" AS A CONDITION TO
5 ASSUMPTION AND ASSIGNMENT; (C) CHALLENGES THE ABILITY OF PPC OR THE
6 SUCCESSFUL OVERBIDDER TO PROVIDE "ADEQUATE ASSURANCE OF FUTURE
7 PERFORMANCE"; OR (D) OTHERWISE OBJECTS TO THE ASSUMPTION AND
8 ASSIGNMENT OF THE ASSIGNED AGREEMENTS, MUST TIMELY FILE WITH THE
9 COURT AND SERVE ON THE DEBTOR, REORGANIZATION COUNSEL FOR THE
10 DEBTOR, COUNSEL FOR THE DEBTOR'S LENDERS (THE "LENDERS"), COUNSEL
11 FOR PPC, COUNSEL AND LOCAL COUNSEL FOR THE OFFICIAL COMMITTEE OF
12 CREDITORS HOLDING UNSECURED CLAIMS (THE "COMMITTEE"), AND THE
13 OFFICE OF THE UNITED STATES TRUSTEE ("UST") AT THE ADDRESSES LISTED
14 BELOW IN A MANNER SUCH THAT IT IS RECEIVED NO LATER THAN 5:00 P.M.
15 (PACIFIC STANDARD TIME) SEVEN (7) DAYS PRIOR TO THE SALE HEARING,
16 I.E., JUNE 11, 2001 ("OBJECTION/BID DEADLINE") ITS OBJECTION,
17 INCLUDING A PRECISE STATEMENT OF THE NATURE AND AMOUNTS OF SUCH
18 ALLEGED DEFAULTS (THE "STATEMENT OF DEFAULTS"), TO THIS SALE MOTION
19 PURSUANT TO THE OVERBID PROCEDURES ORDER OR SUCH OBJECTION WILL BE
20 DEEMED WAIVED AND FOREVER BARRED.

21 AN OBJECTION TO THE CURE AMOUNTS SHALL NOT BE DEEMED TO
22 BE AN OBJECTION TO THE RELIEF REQUESTED IN THE SALE MOTION.
23 RATHER, THE OBJECTION SHALL BE RECOGNIZED ONLY AS A REQUEST FOR THE
24 COURT TO DETERMINE THE CURE AMOUNTS. THE DEBTOR WILL COOPERATE
25 WITH OBJECTORS TO RECONCILE THE DIFFERENCES IN CURE AMOUNTS. IF
26 THE PARTIES ARE UNABLE TO AGREE UPON THE CURE AMOUNTS, PPC OR THE
27 SUCCESSFUL OVERBIDDER SHALL ESCROW THE DISPUTED CURE AMOUNTS
28 ///

1 ASSERTED BY THE NON-DEBTOR PARTY UNTIL THE CURE AMOUNT ISSUES ARE
2 DETERMINED BY THE COURT.

3 PLEASE TAKE FURTHER NOTICE that:

4 a. Each party requesting information relating to
5 the Assets is required to execute a confidentiality agreement
6 in form and substance satisfactory to the Debtor. Upon the
7 execution of such confidentiality agreement, the Debtor shall
8 respond to such information requests regarding the Assets on a
9 reasonably prompt basis in a manner that provides such
10 potential bidder a fair opportunity to evaluate information
11 and to prepare an initial bid by the bid deadline.

12 b. Any entity (other than PPC) that is interested
13 in purchasing the Assets must submit to the Debtor an Initial
14 Overbid in conformity with this paragraph by no later than the
15 Objection/Bid Deadline. Any bid or combination of bids that
16 comprise an Initial Overbid must satisfy the following
17 requirements to be considered by the Court at the Sale
18 Hearing:

19 (1) Be filed with the Court and served on the
20 Debtor, reorganization counsel to the Debtor, counsel for
21 the Lenders, counsel for PPC, counsel and local counsel
22 for the Committee, and the UST in a manner such that the
23 Initial Overbid actually is received on or before the
24 Objection/Overbid Deadline;

25 (2) Be on substantially the same terms and
26 conditions as are contained in the Acquisition Agreement
27 and be a bid to purchase all of the Assets; provided,
28 however bids for separate Assets may be submitted in

1 order to be aggregated with other separate bids for the
2 Assets at the Sale Hearing provided that the aggregated
3 bids must be on substantially the same terms and
4 conditions as are contained in the Acquisition Agreement
5 and be a bid to purchase all of the Assets;

6 (3) Contain terms and conditions no less
7 favorable to the Debtor than the terms and conditions of
8 the Acquisition Agreement;

9 (4) Provide for aggregate consideration to the
10 Debtor of at least \$1,300,000 more than the consideration
11 to be provided by PPC; provided, however, that for
12 aggregated bids for the Assets this requirement can be
13 satisfied by the time of the Sale Hearing;

14 (5) Require overbidders to submit (i) with
15 their Initial Overbids to the Debtor a deposit of
16 \$500,000 (in the form of a cashier's check or other form
17 of immediately available funds) and (ii) at the Sale
18 Hearing \$800,000 in the form of a cashier's check or
19 other form of immediately available funds (collectively,
20 the "Deposit"); provided, however, that for aggregated
21 bids for the Assets, the bidders may bring a cashier's
22 check or other form of immediately available funds in the
23 aggregate sum of \$1.3 million to the Sale Hearing.

24 (6) Requiring that, after the Initial Overbid,
25 the bidding take place in increments of \$250,000 in
26 aggregate consideration in each instance;

27 (7) Be accompanied by admissible evidence in
28 the form of affidavits or declarations establishing the

1 overbidder's good faith, within the meaning of Bankruptcy
2 Code section 363(m), and its "adequate assurance of
3 future performance" of executory contracts and unexpired
4 leases to be assumed and assigned to the bidder, within
5 the meaning of Bankruptcy Code section 365(f)(2)(B);¹ and

6 (8) Be accompanied by admissible evidence in
7 the form of affidavits or declarations establishing that
8 the overbidder is willing, authorized, capable, and
9 qualified, financially, legally, and otherwise, of
10 unconditionally performing all obligations under the
11 Acquisition Agreement (or its equivalent) in the event
12 that it submits the prevailing overbid at the Sale
13 Hearing.

14 c. Any entity that fails to submit a timely,
15 conforming Initial Overbid, as set forth above, shall be
16 disqualified from bidding for the Assets at the Sale Hearing.

17 d. The Debtor and other parties in interest may
18 file responses to any Objection, Statement of Defaults, and/or
19 Initial Overbid by no later than two (2) days prior to the
20 Sale Hearing, i.e., June 14, 2001.

21 e. If no timely, conforming Initial Overbids are
22 submitted, the Debtor shall request at the Sale Hearing that
23 the Court approve the proposed sale of the Assets to PPC.

24 ///

25 ///

26
27 ¹ The establishment of good faith and adequate assurance of future
28 performance shall be the sole responsibility of the overbidder,
and the Debtor shall have no obligation to assist the overbidder
in that regard.

1 f. In the event that one or more timely,
2 conforming Initial Overbids are submitted (each person who has
3 submitted such a timely conforming initial overbid shall be
4 referred to herein as a "Qualified Overbidder"), the Debtor
5 may request either that the Court approve the Acquisition
6 Agreement and the proposed sale of Assets to PPC or that the
7 Court conduct an auction for the Assets at the Sale Hearing
8 (the "Auction"), in which PPC and all Qualified Overbidders
9 may participate. The Auction shall be governed by the
10 following procedures:

11 (1) All bidders shall be deemed to have con-
12 sented to the core jurisdiction of the Court and to have
13 waived any right to jury trial in connection with any
14 disputes relating to the Auction and/or the sale of the
15 Assets. If, for any reason, such prevailing bidder is
16 unable or unwilling to execute a definitive sale
17 agreement or to perform its obligations thereunder, the
18 Debtor, in the exercise of its business judgment, may
19 sell the Assets to the next highest bidder at the Auction
20 (as approved by the Court), assuming the next highest
21 bidder agrees, without further notice or a hearing,
22 provided that such bidder is authorized, capable, and
23 qualified to proceed with the sale;

24 (2) Bidding will commence at the amount of the
25 highest bid submitted by a Qualified Overbidder, as
26 determined by the Bankruptcy Court;

27 (3) Each subsequent bid shall be in increments
28 of \$250,000;

1 (4) PPC shall have the right, in its sole and
2 absolute discretion, to match bids made by any Qualified
3 Overbidder and, in such event, PPC's matching bid shall
4 be deemed the highest and best bid for the Assets;

5 (5) If, upon the conclusion of the Auction,
6 PPC has failed to make a bid that the Debtor determines,
7 in its reasonable discretion, to be equal to or greater
8 than the highest bid made by a Qualified Overbidder, the
9 Debtor may recommend that the Court authorize and approve
10 a sale of the Assets (including an assumption and
11 assignment of the Assigned Agreements) to such prevailing
12 Qualified Overbidder; and

13 (6) If, however, PPC does make a bid that the
14 Debtor determines, in its reasonable discretion, to be
15 greater than the highest bid made by a Qualified
16 Overbidder, the Debtor may recommend that the Court
17 approve the Acquisition Agreement and authorize the
18 Debtor to sell the Assets (including an assumption and
19 assignment of the Assigned Agreements) to PPC.

20 g. The Debtor reserves all rights to exercise its
21 business judgment to recommend a sale of the Assets (including
22 an assumption and assignment of the Assigned Agreements) to
23 any bidder whose bid the Debtor determines, in its reasonable
24 discretion, to be in the best interests of the estate. Each
25 Qualified Overbidder should be prepared to make its best and
26 final offer at the Auction on the date of the Sale Hearing,
27 and the Debtor reserves all rights to object to and oppose any
28 request for a continuance or recess of the Sale Hearing.

1 h. In the event that either the Court approves any
2 bid other than from PPC, the Debtor accepts any bid other than
3 from PPC, the Debtors breaches the Acquisition Agreement so as
4 to cause a termination of such agreement or otherwise
5 determines not to pursue the transaction for any reason,
6 including, but not limited to, the Debtor's decision to pursue
7 a plan of reorganization, or the Debtor and PPC are unable to
8 consummate the sale of the Assets pursuant to the Acquisition
9 Agreement for any other reason whatsoever, and such failure to
10 consummate is not due to a material breach by PPC, the Debtor
11 shall within two (2) business days of the occurrence of any
12 such event, reimburse PPC for the actual and reasonable out-
13 of-pocket expenses that PPC has incurred in connection with
14 the sale (including, without limitation, legal and consulting
15 fees and costs) up to \$350,000, and pay to PPC a break-up fee
16 of \$825,000, which shall be paid directly from the deposit
17 provided by the successful Qualified Overbidder approved by
18 the Court, if any, with the obligation of the Debtor to make
19 such expense reimbursement and to pay such break-up fee
20 otherwise having super priority administrative status ahead of
21 all other super priority administrative claims.

22 i. Within twenty-four (24) hours following the
23 Auction, the Successful Bidder must supplement the Deposit
24 (through a certified check, cashier's check, or wire transfer
25 payable to the Debtor) so that the total deposit equals no
26 less than 10% of the total purchase price proposed in the
27 successful bid. The Deposit shall be held without accrual of
28 interest for the benefit of the Successful Bidder, and such

1 Deposit shall be deemed forfeited in the event that the
2 Successful Bidder fails to consummate the sale transaction and
3 the Debtor has complied with these sale procedures and the
4 Acquisition Agreement and is prepared to close on the terms
5 set forth therein.

6 PLEASE TAKE FURTHER NOTICE that anyone requiring further
7 information to submit a bid should contact Eve H. Karasik, Esq.,
8 Stutman, Treister & Glatt Professional Corporation, 3699 Wilshire
9 Boulevard, Suite 900, Los Angeles, California 90010, telecopy (213)
10 251-5288. The Debtor should not be contacted directly for such
11 further information.

12 PLEASE TAKE FURTHER NOTICE that in accordance with Local
13 Bankruptcy Rule 9013-1(a)(11) and the Overbid Procedures Order,
14 failure to timely file and serve an Objection, Initial Overbid,
15 and/or the Statement of Defaults shall be deemed to be a consent to
16 the proposed sale of the Assets (including the assumption and
17 assignment of the Assigned Agreements) to PPC or to the Successful
18 Overbidder at the Sale Hearing.

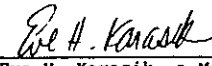
19 PLEASE TAKE FURTHER NOTICE THAT ANY OBJECTION, INITIAL
20 OVERBID AND/OR THE STATEMENT OF DEFAULTS must be filed with the
21 Court and served on the following parties no later than 5:00 p.m.
22 (Pacific Standard Time) seven (7) days prior to the Sale Hearing,
23 i.e., June 11, 2001;

24 (a) Counsel for the Lenders, Katten Muchin Zavis,
25 Attention Julia Brand, Esq., 1999 Avenue of the Stars, Suite 1400,
26 Los Angeles, CA 90067;

27 (b) Counsel and local counsel for the Committee,
28 Gardner, Carton & Douglas, Attention Harold L. Kaplan, Esq., 321

1 North Clark Street, Chicago, IL 60610, and Albert, Weiland &
2 Golden, LLP, Attention Evan Smiley, Esq., 650 Town Center Drive,
3 Suite 1350, Costa Mesa, CA 92626.
4 (c) The Debtor's reorganization counsel, Stutman,
5 Treister & Glatt Professional Corporation, Attention Eve H.
6 Karasik, Esq., 3699 Wilshire Boulevard, Suite 900, Los Angeles, CA
7 90010;
8 (d) Counsel for PPC, Gibson, Dunn & Crutcher LLP.
9 Attention Bennett L. Silverman, Esq. And Oscar Garza, Esq.,
10 Jamboree Center, 4 Park Plaza, Suite 1400, Irvine, CA 92614; and
11 (e) Office of the United States Trustee, Attention
12 Joseph Caceres, Esq., 221 North Figueroa Street, Suite 800, Los
13 Angeles, CA 90012.

14
15
16 DATED: May 24, 2001


Eve H. Karasik, a Member of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
Reorganization Counsel for Debtor and
Debtor in Possession